

HOUSE BILL REPORT

SB 6219

As Passed House - Amended:

March 7, 2006

Title: An act relating to financial literacy education.

Brief Description: Providing for financial literacy education.

Sponsors: By Senators Keiser, Weinstein, Eide, Pridemore, Prentice, Berkey, Fraser and Kohl-Welles.

Brief History:

Committee Activity:

Education: 2/16/06, 2/22/06 [DPA].

Floor Activity:

Passed House - Amended: 3/7/06, 98-0.

Brief Summary of Bill (As Amended by House)

- Encourages school district boards of directors to adopt and integrate financial literacy programs.
- Extends the date by which the Financial Literacy Public-Private Partnership (Partnership) will complete its work and adds four additional strategies for the Partnership to consider.
- Makes an appropriation of \$50,000 to the Partnership for the purpose of supporting the Partnership's work.

HOUSE COMMITTEE ON EDUCATION

Majority Report: Do pass as amended. Signed by 13 members: Representatives Quall, Chair; P. Sullivan, Vice Chair; Talcott, Ranking Minority Member; Anderson, Assistant Ranking Minority Member; Curtis, Haigh, Hunter, McDermott, Priest, Santos, Shabro, Tom and Wallace.

Staff: Sarah Ream (786-7303).

Background:

According to a 1999 study conducted by the American Savings Education Council, fewer than half of all high school and college students have regular savings plans. Only about one-fourth of the students stick to a budget and more than one-third don't keep track of their spending at all. According to a survey conducted by the National Council on Economic Education, financial illiteracy is not limited to students. Half of all adults fail to understand basic economic concepts.

Federal Efforts Regarding Financial Literacy

A congressional resolution issued in 2003 indicated that only 26 percent of students between 13 and 21 years of age reported that their parents actively taught them how to manage money. Although various private banking interests make financial management educational programs available to schools, financial literacy currently is not a required subject of instruction in the state's public schools.

In testimony before the United States House of Representatives Committee on Education and the Workforce, Bob Duvall, CEO of the National Council on Economic Education, testified that "(financial) literacy, together with reading and mathematics, is the key to home ownership, managing credit, financing higher education, saving for retirement, and citizenship."

The federal Departments of the Treasury and Education are working to encourage schools to integrate basic financial education into their reading and math curriculum in accordance with the goals of the "No Child Left Behind Act." The act includes several provisions that encourage financial literacy. For example, the law allows districts to use funds from the Local Innovative Education Programs to support activities that provide consumer, economic and personal finance education. The law also included the Excellence in Economic Education program. Through the program, the Secretary of Education may award a grant to a non-profit entity to foster economic literacy through a variety of activities.

Washington Efforts Regarding Financial Literacy

In 2004, the Legislature created the Washington Financial Literacy Public-Private Partnership to, among other things, seek out and determine the best methods of equipping students with financial literacy knowledge and skills. This task was expanded during the 2005 legislative session when the partnership was directed to identify and make available to school districts a list of identified financial literacy skills and knowledge, instructional materials, assessments and other relevant information. The partnership was also directed to develop a structure and set of operating principles to assist interested school districts in improving their students' financial literacy by providing such things as instructional materials and professional development for teachers. The 2005 legislation also directed the partnership to prepare recommendations for the inclusion of financial literacy principles in the Washington Assessment of Student Learning.

Summary of Amended Bill:

School district boards of directors are encouraged to adopt and integrate, within the existing curriculum, a financial literacy program. "Financial literacy" is defined as the achievement of skills and knowledge necessary to make informed judgments and effective decisions about earning, spending, and management of money and credit. The time in which the Financial Literacy Public-Private Partnership (Partnership) will complete its tasks is extended from June 30, 2005, to June 30, 2007. The Partnership is directed to consider four additional strategies for increasing financial literacy: (1) identifying and making available to school districts a template for resource materials to aid in guiding student culminating projects with a focus on personal finance; (2) developing essential academic learning requirements for personal finance; (3) preparing recommendations for including financial literacy principles in the Washington Assessment of Student Learning; and (4) identifying the outcome measures expected from school districts participating in financial literacy education programs. To the extent funds are appropriated or available, the Office of the Superintendent of Public Instruction (OSPI) and the Partnership must make available to school districts a list of financial literacy skills and knowledge, instructional materials, assessments, and other relevant information.

Appropriation: An appropriation of \$50,000 is provided to the Financial Literacy Public-Private Partnership Account for the fiscal year ending June 30, 2007.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill has an emergency clause and takes effect immediately.

Testimony For: College is getting more expensive and students are having to turn to credit cards and loans. It is important that students have the knowledge to effectively manage their finances. This bill would not involve new efforts for teachers. The Superintendent of Public Instruction emphasizes the rigor and relevance of curriculum. Financial literacy meets the relevance standard for students.

Testimony Against: None.

Persons Testifying: (In support) Isaac Wells, Associated Students of Washington State University; and Dana Twight, Washington Jumpstart Coalition for Financial Literacy.

Persons Signed In To Testify But Not Testifying: None.